

**Beaver County  
Ambridge District Court  
36-1-01**

**Audit Report  
For the Period January 2006 through December 2007**

**David A. Rossi  
Beaver County Controller**

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DAVID A. ROSSI  
CONTROLLER



WILLIAM CALHOON  
CHIEF DEPUTY CONTROLLER  
ALBERT A. TORRENCE  
SOLICITOR

BEAVER COUNTY COURTHOUSE  
THIRD STREET - BEAVER, PENNSYLVANIA 15009-2196  
TELEPHONE: Area Code 724-728-5700

August 19, 2008

Mr. A. R. DeFilippi  
Beaver County Court Administrator  
Beaver County Court House  
Beaver, PA 15009

Dear Mr. DeFilippi:

We have audited the financial records of District Court 36-1-01 in the county of Beaver of the state of Pennsylvania for the period January 1, 2006 through December 31, 2007. Based upon the audit we have issued our report thereon dated August 19, 2008.

We conducted our audit in accordance with generally accepted governmental auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Based upon our review of the financial records, we have made the following observation and recommendation as detailed in this report.

*David A. Rossi*

David A. Rossi  
Beaver County Controller

**AUDIT SCOPE:**

The scope of this audit encompasses the period from January 1, 2006 to December 31, 2007.

**AUDIT OBJECTIVES:**

Through the completion of internal control questionnaires, control tests, substantive tests, and observation, the following audit objectives were accomplished for this audit:

- Prepare a financial statement for each year reviewed
- Evaluate controls over the District Court checking account and change fund
- Ensure that funds are deposited on the same day received
- Ensure that funds received are disbursed to the proper payees
- Ensure that funds held in escrow are adequate
- Ensure that funds receipted are applied to the proper case
- Ensure that costs and fines are properly split upon receipt
- Ensure that reports and funds due to the Commonwealth were correct and remitted in a timely manner
- Ensure that proper documentation was maintained in the case file
- Evaluate the controls over cash
- Evaluate the controls over purchasing and the administration of the budget
- Evaluate controls over general office procedures

**DISTRICT COURT 36-1-01  
STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDING DECEMBER 31, 2006**

**Beginning cash balance (1/1/2006)** **\$ 15,748.40**

**Receipts:**

Traffic	\$ 149,729.38
Non-Traffic	62,062.89
Criminal, Civil, etc.	45,689.00
Collateral	<u>29,297.20</u>

Total receipts 286,778.47

**Disbursements:**

Commonwealth of Pennsylvania	\$ 140,907.85
Beaver County	44,819.43
Ambridge Boro	24,777.94
Harmony Township	22,417.69
Restitution & Refund Bail / Collateral	20,212.19
Server Fees	20,145.12
Baden Boro	14,448.60
Ambridge Area School District	<u>361.04</u>

Total disbursements (288,089.86)

**Adjustments:**

Adjustment for void checks 216.90

**Ending cash balance (12/31/2006)** **\$ 14,653.91**

**DISTRICT COURT 36-1-01  
STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDING DECEMBER 31, 2007**

**Beginning cash balance (1/1/2007)** **\$ 14,653.91**

**Receipts:**

Traffic	\$ 128,365.13
Non-Traffic	54,307.22
Collateral	51,223.04
Criminal, Civil, etc.	<u>43,402.89</u>
 Total receipts	 277,298.28

**Disbursements:**

Commonwealth of Pennsylvania	\$ 126,447.40
Beaver County	39,889.78
Restitution & Refund Bail / Collateral	33,982.58
Harmony Township	26,749.63
Server Fees	24,241.32
Ambridge Boro	18,755.58
Baden Boro	9,930.59
Ambridge Area School District	<u>562.71</u>
 Total disbursements	 (280,559.59)

**Adjustments:**

Adjustment for void checks	108.25
Return items not on the computer	<u>(496.00)</u>

**Ending cash balance (12/31/2007)** **\$ 11,004.85**

**DISTRICT COURT 36-1-01**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD JANUARY 1, 2006 THROUGH DECEMBER 31, 2007**

Note 1: Summary of Significant Accounting Policies - District Court 36-1-01 reports on the cash basis of accounting. Under the cash basis of accounting revenues are recognized when received and expenses recognized when the disbursement is made.

Note 2: Traffic Receipt/Disbursement Categories -Transactions resulting from summary proceedings for offenses arising under the Pennsylvania Motor Vehicle Code and violations of local parking ordinances.

Note 3: Non-Traffic Receipt/Disbursement Categories -Transactions resulting from non-traffic summary proceedings initiated by a police officer or private citizen.

Note 4: Criminal, Civil, etc. Receipt Categories -Transactions resulting from misdemeanor and/or felony charges brought by a police officer or private citizen. Transactions resulting from Landlord-Tenant actions or, civil actions filed for tortious conduct or contractual issues.

Note 5: Collateral Receipt Categories - Miscellaneous funds and funds deposited in escrow.

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August 19, 2008

Mr. A. R. DeFilippi  
Beaver County Court Administrator  
Beaver County Court House  
Beaver, PA 15009

Report on Internal Control Structure

We have audited the accompanying statement of account of the District Court 36-1-01, Beaver County, Pennsylvania, for the period January 1, 2006 to December 31, 2007, and have issued our report thereon dated August 19, 2008.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the District Court 36-1-01, Beaver County, Pennsylvania, for the period January 1, 2006 to December 31, 2007, we considered the office's internal control structure to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of the District Court is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the financial statements in accordance with prescribed policies. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, future reliance on any evaluation of the structure, past or current, is subject to the risk that procedures



may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the internal control structure we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation. Additionally, we assessed control risk for the internal control structure. Compliance with applicable laws and regulations was considered when assessing control risk for the internal control structure.

We noted certain matters involving the internal control structure and its operation that we consider reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the office's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce, to a relatively low level, the risk that material errors or irregularities affecting the financial statements being audited may occur and not be timely detected by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses as defined above. We noted the following reportable condition:

- Improvement was needed in the processing procedures for Jail Time Served Compensation Adjustments

For further elaboration on this weakness, refer to the "Observation and Recommendation" section of this audit report.

This report is intended solely for the information and use of the Office of the Controller, management, and others within the administration. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*David A. Rossi*

David A. Rossi  
Beaver County Controller

## **OBSERVATION AND RECOMMENDATION**

### **Observation 1: Improvement was needed in the processing procedures for Jail Time Served Compensation Adjustments**

A Jail time adjustment is used to record jail time served pursuant to 75 Pa.C.S.A. § 6504 or 42 Pa.C.S.A. § 9758(c) and Pa.R.Crim.P. Rule 456. Time served compensation adjustments can be allowed if the defendant has been sentenced to pay costs and fines, a default in payment has occurred, and a payment determination hearing has been held to ascertain that the defendant was able to pay.

After a default in payment, if a sentence of imprisonment is imposed a written order imposing sentence must be issued, signed by the issuing authority and a copy must be given to the defendant per PA R. Crim. P. 456.

The Ambridge District Court processed 37 Jail Time Served adjustments in 2007 totaling \$(5,532.35). During an audit review of these adjustments for 36 cases and 12 defendants the following was noted:

1. For 20 of the 36 cases reviewed there was no documentation in the case file of MDJ authorization for the Time Served adjustment. This amounted to a reduction of fines and costs totaling \$3,383.35 without documented MDJ approval in the case files.
2. After a default in payment, if a sentence of imprisonment is imposed a written order imposing sentence must be issued, signed by the issuing authority and a copy must be given to the defendant per PA R. Crim. P. 456. Only 7 case files reviewed contained an Order to Appear for Sentence of Imprisonment. In four of these cases the date to appear had already passed when the order was issued.
3. To be in accordance with payment default procedures as described in PA R. Crim. P. 456, after a default in payment if a sentence of imprisonment has been imposed the defendant must be given a 30-day period to enter an appeal. No defendants had a signed waiver of the waiting period in the case file.
4. None of the case files reviewed contained a jail commitment form and only two case files had a jail release form. Independent verification of the dates of incarceration was not present for 29 case files reviewed totaling \$(4,772.35) of jail time adjustments.
5. Documentation of the dates of incarceration was not present for 28 cases with a total adjustment of \$(4,482.85). Without knowledge of the dates of incarceration it could not be evaluated if sufficient time was served for traffic cases to cover costs and fines at \$40/day as allowed by statute.

**Audit Recommendation:**

Time served adjustments should only be authorized after a default in payment has occurred.

Prior to processing a jail time compensation adjustment, a payment determination hearing should be held and a determination should have been made that the defendant was able to pay.

After a sentence of imprisonment is imposed, as required by PA R. Crim. P. 456, a written order imposing sentence must be issued, signed by the issuing authority and a copy must be given to the defendant.

After a sentence of imprisonment is imposed, as required by PA R. Crim. P. 456, the effective date of imprisonment should assure that the 30-day appeal period has elapsed, or a waiver of this waiting period should be obtained from the defendant.

Prior to processing a jail time compensation adjustment, commitment information should be completely and accurately entered onto the PA State DJ computer system. The dates entered should reflect the actual dates of incarceration which apply to the adjustment.

A form should be completed and signed by the Magisterial District Justice to indicate his authorization and approval of the time served compensation adjustment. This form should contain at a minimum the date, defendants name, docket number, the amount of costs and/or fines to be reduced, and any other conditions or requirements prior to allowing the jail time compensation adjustment.

An exit conference was held on September 9, 2008 for the purpose of discussing the items presented in this report. Those in attendance were:

District Court 36-1-01

A. R. DeFilippi - Beaver County Court Administrator

Aileen Bowers - Deputy Court Administrator

Beaver County Controller's Office

Cheryl Spagnola - Auditor

The results of the audit were discussed in their entirety during this conference.

A form has been enclosed with this report to be completed by the Court Administrator. This form restates the observation noted in the audit. The Court Administrator is requested to complete the corrective action section for the observation. If no corrective action has been taken, please state this. Return this form to the Office of the Controller within thirty days of receipt. This form will be incorporated and become a part of this report. As a part of the Office of the Controller's normal reporting procedure, a copy of this report along with your responses will be posted in the Controller's section of the Beaver County website.



COURT ADMINISTRATOR'S OFFICE  
COURT OF COMMON PLEAS  
BEAVER COUNTY COURTHOUSE  
BEAVER, PENNSYLVANIA 15009

A. R. DeFilippi  
DISTRICT COURT ADMINISTRATOR

TELEPHONE 724-728-5700  
FAX 724-728-8708

November 7, 2008

Mr. David A. Rossi  
Beaver County Controller  
Beaver County Courthouse  
Beaver, PA 15001

Re: Response to Audit Report for Beaver County District Courts  
Encompassing January 1, 2006 – December 31, 2007

Dear Mr. Rossi:

This letter is in response to the Audit Report prepared by your office for the nine Magisterial District Courts in Beaver County for the time frame encompassing January 1, 2006 – December 31, 2007.

This letter will address the observations and subsequent recommendations made by the audit. The audit observed that improvement was needed in the procedures utilized for processing jail time served compensation adjustments. It also observed that collectively, the Magisterial District Courts were paying a vendor for janitorial and maintenance services without having obtained a competitive bid.

The observations and responses are as follows:

**Observation 1: Improvement was needed in the processing procedures for Jail Time Served Compensation Adjustments**

**Recommendation:**

Time served adjustments should only be authorized after a default in payment has occurred.

**Response:**

We agree with this recommendation in part. According to the AOPC's Magisterial District Judge manual and the statutory authority of 75 Pa.C.S. § 6504, jail time adjustment may be used in lieu of payment of fines and costs in traffic cases. In non-traffic cases, the jail time adjustment can take place only after a payment determination hearing has occurred, which is usually after a default in payment.

**Recommendation:**

Prior to processing a jail time compensation adjustment, a payment determination hearing should be held and a determination should have been made that the defendant was able to pay. (Emphasis added by the auditor.)

**Response:**

We would respectfully disagree with the auditor's assessment that jail time compensation is only available when a defendant has been determined able to pay and yet defaulted on the payment or the payment plan, pursuant to the authority contained in 75 Pa. C.S. § 6504, as well as 42 Pa. C.S. §§ 9730 and 9758.

A review of the AOPC's manual for Magisterial District Judges reveals that when a defendant is unable to pay a traffic citation, the MDJ has an option other than ordering another payment schedule or sentencing the defendant to community service:

"The Magisterial District Judge may impose jail time in traffic cases if the defendant has defaulted in payment and has been found unable to make a full payment or maintain his / her current time payment schedule." (Emphasis added by respondent.)

Further, in Non-Traffic cases, the manual states that the Magisterial District Judge, pursuant to the authority in the statute cited above, may order a time payment schedule, alter or amend a current schedule, schedule the defendant to community service or sentence the defendant to jail for jail time compensation, "if the determination entered was unable to pay." (Emphasis added by respondent.)

**Recommendation:**

After a sentence of imprisonment is imposed, as required by Pa. R.Crim.P. 456, a written order imposing sentence must be issued, signed by the issuing authority and a copy must be given to the defendant.

**Response:**

We agree. Pa. R.Crim.P. 456 (3)(d) requires the Magisterial District Judge to sign an order imposing sentence and include the specifics of the sentence, including any payment plan. It also requires defendant to be advised of the right to file an appeal within 30 days and also to be given a date certain to appear again before the MDJ for imposition of sentence if no appeal is filed. Even if the defendant waives the 30 day appeal period, the requirement of a written order imposing sentence is still mandated.

**Recommendation:**

After a sentence of imprisonment is imposed, as required by Pa. R.Crim.P. 456, the effective date of imprisonment should assure that the 30 day appeal period has elapsed, or a waiver of the waiting period should be obtained from the defendant.

**Response:**

We agree. Pa. R.Crim.P. 456 does contain a 30 day appeal period. In the event that the defendant wishes to waive that appeal period, a signed waiver should be obtained from the defendant prior to the effective date of the sentence.

**Recommendation:**

Prior to processing a jail time compensation adjustment, commitment information should be completely and accurately entered into the MDJS. The dates entered should reflect the actual dates of incarceration which apply to the adjustment.

**Response:**

We agree with the recommendation in certain instances. If the defendant is incarcerated at the time that the jail time compensation adjustment is ordered, then he or she has already been committed. The failure of an MDJ to execute a commitment is not an attempt to circumvent the system, but is seen as an unnecessary step. In fact, the MDJS allows the jail time adjustment to be entered into the system without doing a commitment.

However, we recognize that both county and state auditors are concerned that without a commitment form in the file, it is a process that could be abused. Absent the use of a commitment form, we would agree there should be some other means to document that the defendant was actually in jail for the time period given in the jail time adjustment.

At present time, the position of the AOPC's Judicial Programs Department is that at a minimum, there should be case notes that reflect the actual dates of the sentence and / or a copy of the defendant's commitment period from the jail. This is an issue that the AOPC is working on to resolve as it builds the new MDJ computer system.

**Recommendation:**

A form should be completed and signed by the Magisterial District Judge to indicate his or her authorization and approval of the time served compensation adjustment. This form should contain the date, defendant's name, docket number (or numbers), the amount of costs and / or fines to be reduced and any other conditions or requirements prior to allowing the jail time compensation adjustment.

**Response:**

The observation made by the auditor is a valid one. The form referenced is an in-house form, as there is no AOPC form that captures this information. It should be noted, that the state Auditor General has raised concerns with the AOPC regarding the lack of documentation for time served adjustments in Magisterial District Courts across the Commonwealth. This is viewed as a procedural deficiency which leaves courts vulnerable to potential financial fraud. But, it is a problem that should be rectified with the new MDJS.

**Observation 2: County purchasing policy and state laws were not adhered to for cleaning services.**

**Recommendation:**

Because the fees for custodial services at the nine District Courts was in excess of \$10,000, the service should have been offered for public bidding and a contract should have been prepared and approved by resolution.

**Response:**

This office is in agreement with the recommendation by the auditor. The vendor who performed the cleaning for the MDJ offices started with four offices and the amount of annual compensation was well under the statutory requirement for bidding. Over the years, as the County continued to move offices from rental units to its own buildings, additional work was provided to the vendor. In no way was this oversight an attempt to circumvent the statutory bidding requirement.



The County's Central Services department developed a request for proposal and solicited bids for a vendor to perform cleaning and maintenance services for the Magisterial District Courts.

Should you have any questions in regard to this matter, do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Aileen M. Bowers".

Aileen M. Bowers  
Deputy Court Administrator

cc: President Judge John D. McBride  
A.R. DeFilippi, District Court Administrator  
Magisterial District Judge Joseph Schafer  
Magisterial District Judge William Livingston  
Magisterial District Judge James DiBenedetto  
Magisterial District Judge Edward Howe  
Magisterial District Judge Tim Finn  
Magisterial District Judge Dale Nicholson  
Magisterial District Judge C. Douglas Loughner  
Magisterial District Judge Janet Swihart  
Senior Magisterial District Judge John Armour  
Senior Magisterial District Judge Donald Eiler  
Senior Magisterial District Judge Martin Schulte